



Substitute Senate Bill No. 1251

Public Act No. 05-193

AN ACT CONCERNING OWNER-CONTROLLED INSURANCE PROGRAMS ON STATE AND MUNICIPAL CONSTRUCTION PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 49-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each contract exceeding fifty thousand dollars in amount for the construction, alteration or repair of any public building or public work of the state or [of any subdivision thereof] a municipality shall include a provision that the person to perform the contract shall furnish to the state or [the subdivision] municipality on or before the award date, a bond in the amount of the contract which shall be binding upon the award of the contract to that person, with a surety or sureties satisfactory to the officer awarding the contract, for the protection of persons supplying labor or materials in the prosecution of the work provided for in the contract for the use of each such person, provided no such bond shall be required to be furnished (1) in relation to any general bid in which the total estimated cost of labor and materials under the contract with respect to which such general bid is submitted is less than fifty thousand dollars, (2) in relation to any sub-bid in which the total estimated cost of labor and materials under the contract

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with respect to which such sub-bid is submitted is less than fifty thousand dollars, or (3) in relation to any general bid or sub-bid submitted by a consultant, as defined in section 4b-55. Any such bond furnished shall have as principal the name of the person awarded the contract.

(b) Nothing in this section or sections 49-41a to 49-43, inclusive, shall be construed to limit the authority of any contracting officer to require a performance bond or other security in addition to the bond referred to in subsection (a) of this section, except that no such officer shall require a performance bond in relation to any general bid in which the total estimated cost of labor and materials under the contract with respect to which such general bid is submitted is less than twenty-five thousand dollars or in relation to any sub-bid in which the total estimated cost of labor and materials under the contract with respect to which such sub-bid is submitted is less than fifty thousand dollars.

(c) No contract for the construction, alteration or repair of any public building or public work of the state or [of any subdivision thereof] a municipality that requires a person to supply the state or [subdivision] municipality with a bond may include a provision that requires the person to obtain the bond from a specific surety, agent, broker or producer. No contracting officer may require that a bond be obtained from a specific surety, agent, broker or producer.

(d) (1) As used in this subsection, "owner-controlled insurance program" means an insurance procurement program under which a principal provides and consolidates insurance coverage for one or more contractors on one or more construction projects.

(2) No contract for the construction, alteration or repair of any public building or public work of the state or a municipality may include a provision that allows or requires the state or municipality to

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maintain an owner-controlled insurance program, except for (A) a project approved pursuant to section 10a-109e, or (B) one or more municipal projects totaling one hundred million dollars or more (i) under the supervision of one construction manager, or (ii) located within the boundaries of a municipality if under the supervision of more than one construction manager.

(3) Each contract or policy of insurance issued under an owner-controlled insurance program pursuant to this subsection shall provide that:

(A) Coverage for work performed and materials furnished shall continue from the completion of the work until the date all causes of action are barred under any applicable statute of limitations.

(B) Any notice of a change in coverage under the contract or policy or of a cancellation or refusal to renew the coverage under the contract or policy shall be provided to the principal and all contractors covered under the program.

(C) The effective date of a (i) change in coverage under the contract or policy shall be at least thirty days after the date the principal and contractors receive the notice of change in coverage as required under subparagraph (B) of this subdivision, and (ii) cancellation or refusal to renew shall be at least sixty days after the principal and contractors receive the notice of change in coverage as required under subparagraph (B) of this subdivision.

(4) Each principal or contractor shall disclose in the project plans or specifications at the time the principal or contractor is soliciting bids for the construction project that the project will be covered by an owner-controlled insurance program.

Approved July 1, 2005